



## Who Doesn't Qualify

- ★ **No tax credit can be claimed for wages paid to relatives.**
- ★ **No tax credit can be claimed for rehires.**
- ★ **No tax credit can be claimed for federally subsidized on-the-job training; however, the time accumulated while on-the-job training may be used for the employment period. Wages paid after the subsidy expires can be used to claim the tax credit.**

## WHERE TO GET MORE INFORMATION

To learn more about the WOTC program, you can call the WOTC Unit at 800-482-2959 or 313-456-2105 or visit our website: [www.michigan.gov/uia](http://www.michigan.gov/uia) to download forms or view the WOTC employer webcast.

For Ticket to Work information, call 1-866-968-7842 or visit [www.yourtickettowork.com](http://www.yourtickettowork.com).

## The WOTC Tax Credit's Employer-Friendly Benefits

The Work Opportunity Tax Credit reduces an employer's cost of doing business and requires little paperwork. The success and growth of this federal income tax credit for private sector employers depends on a strong public and private sector partnership. Helping those most in need find and retain jobs and gain on-the-job experience benefits all employers and increases America's economic growth and productivity.

For information on hiring individuals who are members of the **8** target groups mentioned, contact the Michigan Works Agency at 1-800-285-9675 for an office location near your business, or visit their website at [michiganworks.com](http://michiganworks.com).

### Unemployment Insurance Agency

#### WOTC Unit

P.O. Box 8067

Royal Oak, MI 48068-8067

1-800-482-2959

1-313-456-2105

[www.michigan.gov/uia](http://www.michigan.gov/uia)

E-Mail Address: [WOTCUnit@michigan.gov](mailto:WOTCUnit@michigan.gov)

Rick Snyder, Governor  
State of Michigan



Steven H. Hilfinger, Director

### UNEMPLOYMENT INSURANCE AGENCY

Steve Arwood, Director

LARA is an equal opportunity employer/program. Auxiliary aids, services and other reasonable accommodations are available upon request to individuals with disabilities. Visit our web site at [www.michigan.gov](http://www.michigan.gov).

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# Attention Employers!

# 8 Opportunities ...

for Employers to Earn  
Federal Income Tax Credits

## WORK OPPORTUNITY TAX CREDIT

Employer-Friendly Benefits  
for Hiring Job Seekers Most in Need of Employment

How to Earn Tax Credits  
for New Hires

How to Apply for  
the Tax Savings

Where to Get  
More Information

Department of Licensing and Regulatory Affairs  
Unemployment Insurance Agency  
June 2012



## Earn the Work Opportunity Tax Credit

- ★ **Employers make the hiring decision**
- ★ **No limit to the number of new hires who can qualify their employer for these tax savings**
- ★ **Minimal paperwork to claim the tax credits**

The Small Business and Work Opportunity Tax Act of 2007 reauthorized the Work Opportunity Tax Credit (WOTC).

Not only must the new hire be a member of a Work Opportunity target group, but the employer must also work the new hire in the first year of employment at least 120 hours to claim a 25% credit and at least 400 hours to claim a 40% credit.

For most target groups, the credit is limited to the first \$6,000 in gross wages paid to the employee in the first year of employment. However, maximum gross wages paid in the first year of employment for the disabled unemployed veteran are \$24,000, and for the long-term TANF recipient, \$10,000. In addition, for hiring a long-term TANF recipient and working that employee into a second year, the employer can take a 50% credit on the first \$10,000 in gross wages paid in the second year of employment. Therefore, for hiring one long-term TANF recipient, the employer could realize a \$9,000 credit.

To qualify employers for WOTC, new hires must begin work before January 1, 2012, but continue submitting applications as there may be a retroactive renewal of the program.

The VOW to Hire Heroes Act of 2011 expanded and extended the Qualified Veteran target group. To be eligible under the current WOTC program, a veteran must have begun to work for an employer on or after November 22, 2011 and before January 1, 2013.

Qualified "tax-exempt organizations are now eligible to claim the WOTC if their new hire meets the criteria for the Qualified Veteran target group and could realize a credit of up to \$6,240.



## Hire From Among These 8 Target Groups of Job Seekers to Qualify for the WOTC Credit

**1. Qualified Veterans:** To be a qualified veteran, the applicant must have served on active duty for more than 180 days or have a service-connected disability, and active duty of more than 90 days that did not end within 60 days of hire. In addition, the qualified veteran must meet the criteria set forth in (a), (b), (c), (d), or (e) below:

**(a) Veteran on Food Assistance:** must have received, or be a member of a family that received food assistance, for at least 3 consecutive months during the 15-month period ending on the hire date. OR

**(b) Disabled Veteran:** must be entitled to compensation for a service-connected disability and is hired not more than 1 year after discharge or release from active duty in the Armed Forces. OR

**(c) Disabled and Unemployed Veteran:** must be entitled to compensation for a service-connected disability and has received unemployment compensation for aggregate periods totaling at least 6 months during the 12 months prior to hire. OR

**(d) Unemployed Veteran:** must have received aggregate periods of unemployment compensation totaling at least 4 weeks, but less than 6 months during the 12 months prior to hire. OR

**(e) Unemployed Veteran:** must have received aggregate periods of unemployment compensation totaling 6 months or more in the 12 months prior to hire.

**2. Long-term TANF Recipients:** must be on a family grant for Temporary Assistance for Needy Families (TANF). They must also have:

★ Received TANF payments for any 18 months beginning after August 5, 1997 and the earliest 18-month period ended within the last 2 years or ...

★ Stopped being eligible for TANF payments within the last 2 years because a Federal or state law limited the maximum time that payments could be made.

**3. Short-term TANF Recipients:** must be on TANF for any 9 months within the last 18 months before hire.

**4. Food Assistance Recipients:** must be ages 18 to 39 years old that received food assistance, or a member of a family that received food assistance, for 6 consecutive months on or before hire.

**5. Designated Community Residents:** must be ages 18 to 39 on or before hire and live in the Rural Renewal Counties (RRC) in Gogebic, Marquette and Ontonagon.\*

**6. Vocational rehabilitation referrals:** must currently be on or completed within 2 years of hire, a work plan through Michigan Rehabilitation Services, Commission for the Blind, the Veteran's Administration, or by an Employment Network approved by the Ticket to Work Program.

**7. Ex-felons:** must either be convicted of a felony or released from prison within 1 year of hire.

**8. SSI Recipients:** must have received Supplemental Security Income benefits for any month ending 60 days before hire.

## Applying for the WOTC Certification Takes 3 Simple Steps



Employers must apply for and receive certification from the Unemployment Insurance Agency that their new hire is a member of 1 of the 8 target groups listed. Once certified, and the minimum required hours of work are met, the employer can claim the tax credit on their federal tax return – use IRS Form 5884, Work Opportunity Credit.

**STEP 1.** IRS Form 8850, "Pre-Screening Notice & Certification Request for the Work Opportunity Credit" can be used to pre-screen potential employees. Ask the applicant to complete and sign the front of this form. Upon hire of a potential target group member, the employer must complete and sign the back of this form.

**STEP 2.** ETA Form 9061, "Individual Characteristics Form," must be completed and should be signed by the new hire whenever possible. However, the employer may complete and sign this form in place of the new hire.

**STEP 3.** Mail the original signed forms to UIA's WOTC Unit no later than 28 calendar days after the new hire's start date.

**Note:** You should keep a copy of these forms with your IRS records. It is suggested the forms be mailed by certified mail.

**Mail forms to:** Unemployment Insurance Agency  
WOTC UNIT  
P.O. Box 8067  
Royal Oak, MI 48068-8067